

**THE ALABAMA PREPAID AFFORDABLE COLLEGE TUITION PROGRAM  
MEETING OF THE BOARD OF DIRECTORS  
MINUTES  
May 9, 2018**

**Present:**

Treasurer Young Boozer, Chair  
Mr. Marc Green for Dr. David Bronner  
Mr. Robert Bradley  
Mr. Clinton Carter  
Mr. Mark Sullivan  
Ms. Patti Lambert  
Gen. Paul Hankins  
Ms. Maria Campbell  
Mr. Sandy Hammer  
Ms. Sara Calhoun for Mr. Jimmy Baker

**Absent:**

Rep. Bill Poole  
Sen. Trip Pittman  
Ms. Michelle Granberry  
Dr. Ken Tucker  
Dr. James Purcell

**Others present include:**

Ms. Daria Story, Assistant Treasurer  
Ms. Glenda Allred, Deputy Treasurer  
Ms. Anita Kelley, Program Director  
Mr. Dan Sherman, Sherman Actuarial Services

Pursuant to written and public notice, the quarterly meeting of the Board of Directors of the PACT Program was held in the Board Room of the RSA Headquarters on May 9, 2018. The meeting was called to order by Chair Young Boozer at 1:00 p.m.

Roll was taken with a quorum present.

Chair Boozer presented the minutes of the November 8, 2017 board meeting. A motion for approval of the minutes as presented was made by General Hankins, seconded by Mr. Bradley, with unanimous approval.

Chair Boozer asked Anita Kelley for a program report. Ms. Kelley provided information on program activities, cancellations and plan assets, and the budget for fiscal year 2018. She discussed spring tuition payments and stated the program paid out benefits in the amount of \$21 million to 5,645 students from January 1 through March 31. Ms. Kelley said during the past quarter, Annual Statements, 1099Q's, First Time in College letters and Soon to Expire Letters were mailed. She also gave an update on the program administration conversion from HDI to Libera. A transfer from the Education Trust Fund in the amount of \$15 million was received on 1/16/18. The report was received as informational.

Chair Boozer presented the quarterly investment report provided by Regions. He discussed the performance of the portfolio versus the benchmark and said the portfolio earned -.26% for the quarter. Chair Boozer also discussed quarter end balances. The report was received as informational.

Chair Boozer called on Dan Sherman with Sherman Actuarial Services to present the quarterly actuarial report. He stated the asset value as of 3/31/18 was \$79,860,476 and the number of active contracts was 17,220. Mr. Sherman provided a summary of funding and compared the 9/30/17 assets and liabilities to the 3/31/18 numbers and noted the funded ratio was 121.3% compared to the 9/30/2017 of 115.5%. He also reviewed a spreadsheet of the projected cash flows, assets and liabilities through year 2032. The report was received as informational.

Mr. Sherman presented and discussed an actuarial projection for increasing PACT benefit payments by 7%. He reviewed how the increase would affect the funded ratio and the cash flow in future years. After thorough discussion, a motion to approve a 7% adjustment rate in PACT benefit payments payable for the Fall term was made by Mr. Bradley, seconded by Ms. Lambert, with unanimous approval.

Chair Boozer stated that an RFP was issued on 12/15/17 for financial auditing services due to the current contract with Jackson Thornton expiring on 7/31/18. He said responses were received from Jackson Thornton and Carr, Riggs and Ingram and presented a spreadsheet that summarized the responses from each firm. After a discussion regarding the responses, Chair Boozer presented a proposed resolution for selection of a financial auditing services firm. A motion to adopt the resolution with the selection of Jackson Thornton was made by Gen. Hankins, seconded by Mr. Sullivan, with unanimous approval.

Chair Boozer called on Anita Kelley to present information regarding a petition from an account owner requesting an additional change of beneficiary be allowed on the account. Ms. Kelley provided a summary of the petition. Discussion ensued noting that this request was not extraordinary in nature. A motion to deny the request was made by General Hankins, seconded by Mr. Hammer, with unanimous approval.

Ms. Kelley presented information regarding a second petition from an account owner requesting an extension be allowed on the account. A summary was provided of the petition. Discussion ensued noting that this request was not extraordinary in nature. A motion to deny the request was made by General Hankins, seconded by Ms. Calhoun, with unanimous approval.

Chair Boozer noted that the February 14, 2018 Meeting Notes were included in the Board package for review.

Chair Boozer gave a state legislative update regarding 529 accounts and K-12 expenses.

Chair Boozer stated that all appointed Board members terms would end as of 6/1/18. Chair Boozer thanked Mr. Sullivan and Mr. Hammer for their service on the Board as they have elected not to seek re- appointment.

There being no further business to be discussed, a motion to adjourn was made by Ms. Campbell, seconded by Mr. Hammer, with unanimous approval. The meeting adjourned at 1:53 p.m.

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Anita Kelley, Director

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Young Boozer, Chair